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IP STRATEGY

INDUSTRY PERSPECTIVES ON 5000.2 COMPLIANCE

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DISCLAIMER

- The views expressed are the personal views of the presenter and should not be attributed to the official position of the presenters current or former employers, or other industry groups including the AIA or the ABA.

WHAT IS AN IP STRATEGY?

- Industry employs some form of IP Strategy when investing in new technologies
  - Reflects production needs
  - Reflects post production needs
  - Reflects affordability constraints of target customers
- Example: A Car
  - When purchase a car, pay entire cost up front
  - IP protects manufacturing and trade dress of car
- Example: A printer
  - When purchase a printer, too expensive for consumers to pay entire cost up front
  - Pay nominal sum up front, remainder paid for through consumables
  - IP protects manufacturing of printer, and consumables used by the printer
- Major issue if disrupt model

DOD INSTRUCTION 5000.2

- Done at a program level (not a contract level)

  Program management must establish and maintain an IP Strategy to identify and manage the full spectrum of IP and related issues (e.g., technical data and computer software deliverables, patented technologies, and appropriate license rights) from the inception of a program and throughout the life cycle.

- Significance: Need IP Strategy to reflect multiple contracts
  - IP Needs for development
  - IP Needs for Production
  - IP Needs for Post-Production
  - IP Needs for Sustainment

IP OVERREACH

- When IP Strategy does not exist, you get “overreach”
  - Acquiring IP when not needed
  - Undefined IP just because “checking a box”
  - Requiring Unnecessary IP Rights for a particular phase of the program
- When IP Strategy does not exist, you get strange evaluation factors
  - Mandatory plus up for not providing all IP with GPR
    - i.e., if do not provide GPR in everything, 20% added to price
  - A “you tell me” portion of the proposal
    - If propose commercial or existing technology, must tell government how will transition

EFFECTS OF IP OVERREACH

- Reduces competition
  - *American Safety Council, Inc. v United States*, No. 14-1175C (Fed Cl. July 24, 2015), OSHA bid protest based, in part, by an IP special clause (H.1) whose terms required a sufficiently broad IP license which created a barrier to competition in violation of CICA.
    - Also created a Fiscal law conflict
- Contractors refuse to bid:
  - Example: Developmental Program Overreach
    - JMR requirement in BAA for GPR in all data developed under agreement
    - EADS refused to bid citing IP provisions. Tom Osborne, *Intellectual Property Concerns Swayed EADS JMR Pullout* Aviation Week (Jun 24, 2013)
- IP overreach can reduce competition

EFFECTS OF IP OVERREACH

- IP overreach can increase risk to program
  - Supply chain may refuse to sign on *after* award
  - Costs for program will increase
    - Contractor may not used IR&D or private funding for future awards
    - Contractor may require taxpayer pay for all developmental from scratch (will not risk privately developed or commercial items)
  - Evaluation factor may inadvertently give preference to contractors with no experience
    - If plus up for not providing GPR, contractors with existing technology penalized in proposal evaluation

IP RIGHTS OVERVIEW

- Contractors own the IP itself
- Basic categories
  - Limited Rights/Restricted Rights
  - Government Purpose Rights
  - Unlimited Rights
- These “rights” are IP licenses
  - Not the same as a Distribution Statement
- Rights are independent of delivery

IP RIGHTS MISCONCEPTIONS

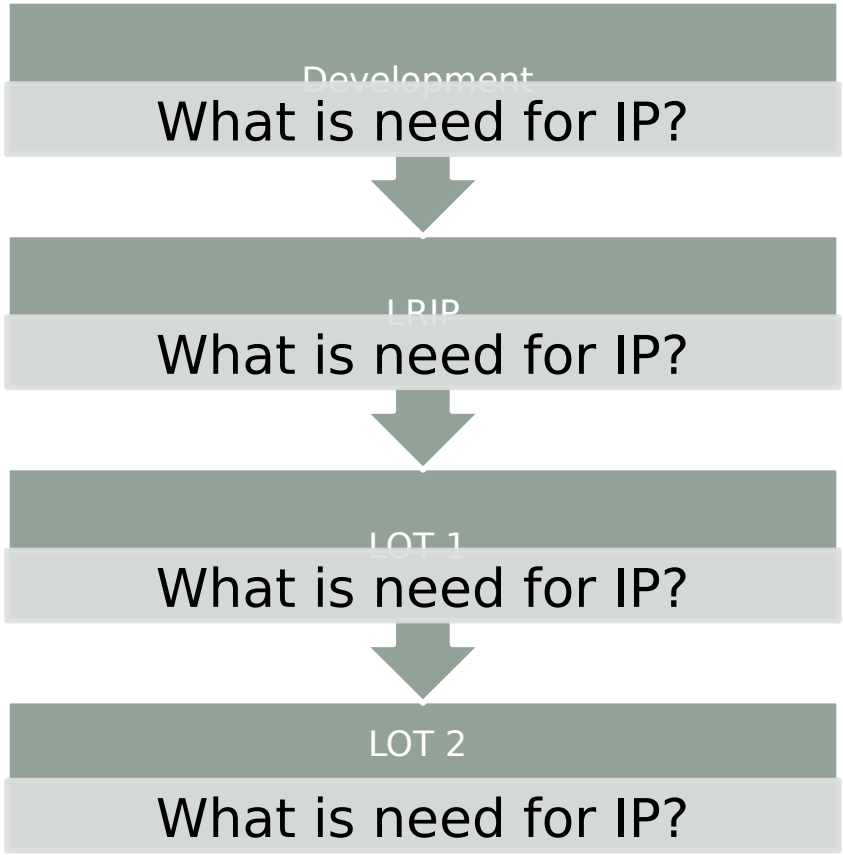
- $1 of Government funding makes data Government Purpose Rights
  - Rights are based on “development” of an item
    - Adaptive engineering or pure testing likely not enough to change rights
- Paying for drawings will make drawings unlimited rights
  - Rights are based on who developed an item
- Accepting a data assertion listing in a proposal means Government agrees to restrictions
  - Listing is only notification, not agreement by USG
- Accepting a document with a restriction means Government agrees to restriction
  - Is a process for contesting the restriction
  - Government will abide by restriction unless process says otherwise
- Co-development of an assembly means whole data package must be Government Purpose Rights
  - Doctrine of segregability allows contractor to separate smaller components for increased protections even if larger assembly is co-developed
- When creating the IP Strategy, need to understand

IP RIGHTS NEEDED FOR A STRATEGY

- What if only need internal review of data?
  - Limited Rights or commercial rights is sufficient
- What if need a third party to do manufacture or repair?
  - Emergencies – can give out Limited Rights or commercial rights
  - Non-emergencies - Need Government Purpose Rights to give data to third party
- What if need to put up on the internet or to ensure data can be provided to newspapers?
  - Need unlimited rights

IP DURING PRODUCTION AND DEVELOPMENT

- Questions to address
  - What is needed for each contract?
  - Will you break out complete production line?
  - Will you break out specific components?
  - When do you need the break out capability?
    - If you get too early, you will have the *wrong version*
  - What technical data package is actually needed?
    - Everything is not a strategy
    - Everything touched by government funding is not a strategy
- When have the answer, tie to a specific contract



IP FOR SUSTAINMENT AND POST PRODUCTION

- When start doing actual sustainment?
  - Development, LRIP, Lot 1…
- What can depot *really* do?
  - Everything is not an answer
- Will you manufacture an obsolete OEM component, or just need data to compete for replacement component?
- Who will maintain the manuals?
- When do you need the IP for sustainment?

Discussion ?